G. R. S. IX-5]

Previous refer.

HC 422-20-1.
HC 137-9-1.
9HC 286-18-3.

1921-22
9HC

File No. 83-21.
Serial Nos. 1 2 9

Later references.

183-2-1(1-2)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 3.

Part B for Nov-21.

SUBJECT.

The question of rendering financial aid to private Industrial Enterprise.

To the Secy. HC Board. Letter No 2978 & 21-11-21. ——— States that the question maybe deferred till times become more favourable

WD 1888—GPB—16,826

G. R. S. III-2.

General and Revenue Secretariat.

9 & C File No. 83 of 1921

Serial No.

D 10001
9/6

Extract from the final note of the Finn Member of Council dy 18-4-21 in file No. 9 & C 422-20-1.

"The question as to in what other manner Govt should find the means for rendering aid to Industrial enterprise will be separately considered & Subd. to H. H. orders in due course".

Secretary's orders on the above "take up the question referred to in the penultimate para of the final note".

Assistant Secy's. orders "Start a Separate file".

Separate file started & Subd. with references.

By 10/6 2 Please put up after the Com. Conference. There is applied relation to this question which must on behalf of the Govt & the suggestions at the Conference may be considered in this connection

May 1926

Copies of the file

NOTE—Contn. sheet.

G. R. S. III-2.

General and Revenue Secretariat.

"D" 493/1000/21 Dt 20-7-21

'9R' File No. of 19

Serial No. 3

It is ascertained that the subject was considered at the last meeting of the Ec. Coy. Subd. for orders as directed.

BG. 21/6

4) Please put up with an Extract from the proceedings as soon as the draft proceedings are ready - (No claims from the Confirmation)

BG 21/6

5) Subd. with an extract of the proceedings held to

BR 14.7.21

14/7

6) The question may be referred to the Dte Board for opinion. The subject is in the Board programme for the year. If any private industrial bank can undertake the financing industrial concerns without expecting any contribution from Govt towards capital & any in the understanding that the Govt will share the risk & any loss to any reasonable extent the question would be worth considering.

MG 19.7.21

If so the matter may be referred to the Dte Board for opinion.

NOTE—Contn. shee

G. R. S. III-2]

1288 L93 17

General and Revenue Secretariat. | File No. 83 of 19 4.

Serial No.

8) Submd. with a draft

SR 29.7.21

9) Issue

29/7

To the Secy Dte Bd. 676/9 3 d.d calls for the opinion of the Board.

From do. 492 & 29.8.21 recd 1.9.21 States that the Bd resolved that the general principle of the proposal moved at the Confce might be recommended for favourable consideration the details being worked out by mutual agreement between the Govt & the respective of the Banks to which Govt might finally entrust the work; & encloses an extract from the prods of the Bds meeting & 13.8.21

10) Submd for orders.

SR 2.9.21

11) The question of prohibiting financial assistance (to Cotton industrial Concerns only) through the agency of Banks was considered at the last Conference and the subject having been referred by the Dte Board was further considered

NOTE—Contn. sheet.

G. R. S. III-2)

General and Revenue Secretariat | JC File No. 83 of 1921

Serial No.

Considered that both and a recommendation has now been made that in case any private banking agency is willing to come forward to provide industrial finance when Govt. give any of contribution towards the capital required for the purpose provided such offer must be accepted by the Govt. on their conditions as regards the rate of interest, sharing in any profits but the first that the bank etc. being determined by mutual agreement. If this view is accepted negotiations may then perhaps be opened with the Mysore Bank and the only Industrial Bank recently started in the State. The basis of negotiations may be the draft order already put up in file No 422-20 below with of course the necessary modifications.

12) As the question is one of policy the matter may also be considered at the next meeting of the Eco. Dev. Board to be held on the 17th inst. and further

MSR
3-9-21

Govt Secy)

13) The question has been considered both at the Govt. Comptee.

NOTE—Contn. sheet.

1288

5

G. R. S. III-2)

General and Revenue Secretariat.

9 C File No. 83 of 19 21

Serial No.

and the ~~C. & B.~~ I & C. Board. It may not be necessary to bring this up again at the meeting. ~~Negotiations~~ Inquiries on the lines suggested may perhaps be commenced with the Mysore Bank and the Industrial Bank, and the result, in some final form, placed before the Conference later, if necy.

Dewan)

hm
7.9.21.

DEWAN'S OFFICE.
Recd. on SEP 7 1921
Reg. No. 1594

NOTE—Contn. sheet.

G. R S. III-2]

General and Revenue Secretariat.

I & C. File No. 83 of 19 21

95r

6)

No. 1594.

Serial No.

14) I think, the question of entrusting any private Bank with the provision of finance to industrial concerns has been sufficiently discussed in the Economic Conference and its Committees. We might find out if either the Mysore Bank or the newly started Industrial Bank is willing to take up this work and the conditions under which it is agreeable to do it. It should be made clear to both the Banks that the Government favour a policy recommended by the Industrial Commission according to which a certain proportion of the loss incurred on loans advanced at the recommendation of the Department of Industries will be borne by Government.

15) The Banks may be requested to work out a detailed scheme if they accept the general policy and submit it for the consideration of Government.

16/9/21

16) 84 member

17) The Bangalore Bank is agreeable to take up the work & Mysore Bank is The Committee refer to deals with this. A separate note may be written [illegible] the reference

30/17/9

NOTE—Contn. sheet.

G. R. S. III-2

General and Revenue Secretariat. | J & C File No. 83 of 1921

Serial No.

We proposed files issued, I suggest that the Legislature may be invited to submit a Scheme. Govt may decide whether they agree with the Committee's recommendation or not

(8) Please submit to the Hon'ble with that file

12
14/5

(9) Please see first Member's final note dt 18.4.21 in File No 422-20 below. The draft order puts up on the lines of the recommendation of the Bank Committee, which was then adopted by the Govt, may perhaps be revised on the following lines & taken as the basis for negotiations with the Mysore Bank:-

10) (1) Govt not to deposit any funds as stated in para 8 of the draft order

(2) All loans below Rs 5000/- to be directly financed by Govt as heretofore

The rate of interest on loans by the

granted,

NOTE—Contn. sheet.

Serial No.

the proportion in which any loss should be shared between the Bank & the Govt may be the same as mentioned in para 8 of the draft.

21) A copy of the Bank Committee's report with this f.u. thereon is also placed in this file for reference

MCy
20-9-21

Cyl Secy

22) The question was further discussed at the E.D. Bd meeting on the 19th instt. The notes of discussion may perhaps be extracted and the file put up

MB
25-9-21.

Mem b/y

23) Submitted with an extract from the proceedings of the meeting of the E.D. Board of 19.9.21.

MB
28.9.21.

MB
28.9.21

hcl 24) Cyl Secy

25) The recommendation of the Bd of I & C was approved at the meeting. The course suggested at paras 19 & 20, above

NOTE—Contn. sheet.

Serial No.

seems suitable, and further action may be taken, as indicated therein.

1st member

26) Hrcy may be asked to write his final opinion at the top before obtaining signatures with the Legal Remembrancer may abstain

8/10/21

11.10

17/10/21

Hrcy

18.

14.10.21

8834-21 FC

4026 T4/10

27) From the point of view of the Finance Department the problem has to be considered under two heads (1) provision of funds by Government for being lent t industrial concerns through the agency of a Bank, and (2) loss from the lending transactions to be borne by Government.

28) The capital demands to which we are already committed are heavier than our resources and until there is a substantial reduction in these demands, it will not be possible to provide capital funds to be held at the disposal of a Bank for accommodating industria concerns.

NOTE—Contn. sheet.

Bearing

G. R. S. III-2

General and Revenue Secretariat.

1264

I & C File No. 83 of 19 21

Serial No.

has already received financial aid & industrial concerns being refused. It is necessary to enable the concerns ~~of~~ to obtain financial accommodation from private banking agencies at least - and the proposed measure is likely to make this easy for the ~~[illegible]~~ industrial concerns.

28.10.21

GL Lee

1st Member.

29.10.21.

31) I am inclined to agree with the Hon'ble mover the present state of our finances. Please

28/10

speak to the Finance

Member

27/11

Dewan.

2.11.21

32) I shall be glad to be informed of the considerations which induced Government to

27/11

recommend

11-11-21

33) Draft-reply below for

12/11

DEWAN'S OFFICE.
Recd. on NOV 2 1921
Reg. No. 2518

NOTE—Contn. sheet.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

To Mr. C. N. Subba Rao

for kindly putting up the extract from the proceedings referred to in the note of the Accounts file.

27-9-21

MWB.V.

Extract put-up.

26.9.21

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Extract from the Proceedings of the meeting of the Economic Development Board, held on the 19th September 1921.

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5. Recommendation of the Board of Industries & Commerce regarding the financing of large industries.

The Secretary, Economic Development Board, gave a brief account of the discussion on the subject at the last session of the Economic Conference.

Mr. Krishna Sastry said that there was a large number of Joint Stock Companies in the State and that as the people were not in a position to know how they were working the Department might publish a bulletin regarding these companies to infuse confidence in the minds of the investing public.

The Director of Industries said that it was impossible for a Government Department to act as a sort of general adviser to the public as suggested by Mr. Krishna Sastry. He then explained how it was beneficial both for the Government as well as the people to leave the financing of large industries to a private banking agency in that the Bank was in a better position to investigate the financial standing of their customers from time to time and regulate the system and form of aid according as they found the concern in a languishing or in a flourishing condition.

Mr. Puttanna Chetty said that Government might continue the existing system of giving takavi loans for small concerns but they should cease to finance large industrial concerns and come to some arrangement with a Bank. There were at least two Banks in the State which could be expected to take up this kind of business. As a general proposition, the scheme was unexceptionable and as such could be accepted by the Board.

Mr. B.K. Garudachar in supporting Mr. Puttanna Chetty, said that it was desirable to entrust to a Bank all assistance above the limit of Rs. 10,000.

To an observation of Mr. Gopalaswami Iyer that before

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

917

R0 676/1483-4-1

16

To the Secy. I. & C. Bd.

Sir,

I am directed to state that the question of ~~the means to be adopted for~~ rendering financial aid to industrial enterprises has been engaging the attention of Govt. for some time past, and to request that the subject may be considered by the Board of I. & C. and their recommendations submitted to Govt. at as early a date as may be practicable.

I have etc.

Sd/-

29.7.21

for Secretary

Sd/-

29-7-21

Ind

Q 4193

Q 3-8-21

Secy M & SR

With special reference to the discussions at the Industrial Conference

Dn. 958 & 1. & u.

MEMORANDUM

From

Rs 300 5643

The Secretary,
Board of Ind. & Com.,
Bangalore.

To

8th August 1921

The Secretary to Government,
Depts. of Edn. & Agri.,
Bangalore.

Sir,

10 AUG 1921

With reference to your letter No.I.C.676/I.& C. dated 3rd August 1921 requesting to forward the views of the Board at an early date regarding the question of rendering financial assistance to industrial enterprises, I have the honour to state that the subject has been included in the agenda of the meeting of the Board to be held on 13th August 1921.

I have the honour to be
Sir,
Your most obedient servant,

Secretary.

Noted
The receipt of the final reply may be awaited.

12.8.21.

W.D. 310—GPB—200 Reams—10-9-18

[Please reply overleaf

07782

492

No.

Enc. 1

(18 Dn 1288

OFFICE OF THE SECRETARY, BOARD OF INDUSTRIES & COMMERCE,
PUBLIC OFFICES.

Bangalore, Dated 29/8 1921.

83-21-2

FROM

M. S. RAMCHENDRA RAO, ESQ., B.A.,
Secretary, Board of Industries & Commerce.

GEN & REV. SECTT.
29 AUG 1921

To

The Secretary to Government,
Departments of Education and Agriculture,
Bangalore.

SIR,

1/9

With reference to your letter No. I.C.676/I.&.C. dated the 3rd August 1921, calling for the recommendation of the Board of Industries and Commerce, in the matter of rendering financial aid to industrial purposes, I am directed to state that the proposition on the subject moved at the Session of the Conference of 1920 formed the basis of discussion at the 8th meeting of the Board on the 13th August 1921.

The Board resolved that the general principle contained in the proposition might be recommended to Government for favourable consideration and that details might be worked out by mutual agreement between the Government and the representatives of the Bank to which Government might finally entrust the work.

An extract of resolution No.5 on the subject is submitted for the information of Government.

I have the honour to be,

Sir,

Your most obedient servant,

Secretary,
Board of Industries and Commerce.

Psk.

Extract from the Proceedings of the 8th meeting of the Board of Ind & Com. held on 13th August 1920.

5. That the Conference recommends to Government that Governme should henceforward instead of directly issuing loans to the publ for industrial purposes make suitable arrangements with any Bank willing to finance private industrial concerns approved by Govt., experts and on the lines to be drawn up by mutual agreement between the Government and representatives of the Bank.

The Chairman referred to the discussion at the last Conferenc on the subject and said that Government may not, for some time to come, be in a position to finance any private agency willing to undertake the provision of funds for industrial finance. As stated at the last Conference Government would continue to grant loans to small industrial concerns as contemplated in the Indian Industries Commission Report and that it was only with regard to the financing of larger industrial concerns that the agency of a Bank was proposed to be utilised. It was left to the Board to say what was a large industrial concern and up to what limit Government should finance industries directly themselves. Though Government would not be able to render any ~~substnatial~~ substantial financial aid to any Bank that might come forward to undertake the work it might however be prepared to share to a reasonable extent in the risks that the Bank might sustain in the course of its transactions. In this connection he referred to the recommendation of the Special Committee which was appointed to go into the question of expanding the usefulness of the operations of the Mysore Bank to develop the Industries and Commerce of the State.

Some members wanted to know whether Government proposed to deposit a certain amount in the Bank for the issue of ~~x~~ loans ~~xx xxxxxxxx~~. and whether it would have any contril in the grant of loans to the public. The Chairman replied that Government might deposit a fixed sum for the purpose. It was all a question of detail which might be left to Government and the Bank as the proposition itself explained. The Department of Industries and Commerce would examine the application for loan and furnish the necessary

27

has to be deferred until times

are more favourable

Yours etc

Secl. dey

MOS 157 11/11

8 Rh

14.11.21.

hl

List of enclosures.

Copied by

Examined by